



Ford Motor Company

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Mr. Mark Friedrichs, PI-40
Office of Policy and International Affairs
U.S. Department of Energy
Room 1E190
1000 Independence Ave., S.W.
Washington D.C. 20585

June 21, 2005

Subject: Ford Comments on U.S. Department of Energy (DOE) Interim Final General Guidelines and Draft Technical Guidelines; 10 CFR Part 300 Voluntary Greenhouse Gas (GHG) Reporting, 70 FR 15164 and 15169 (March 24, 2005)

Dear Mr. Friedrichs:

Ford Motor Company welcomes the opportunity to comment on the U.S. Department of Energy (DOE) Interim Final General Guidelines and Draft Technical Guidelines for the revised "Voluntary Reporting of Greenhouse Gases Program." Our submission of constructive comments is supported by our historical involvement in Greenhouse Gas (GHG) reporting, including the reporting of Ford's 1998-2004 GHG emissions to the DOE 1605(b) Registry.

Ford supports the Administration's goal to make the DOE 1605(b) Registry the single, national voluntary reporting system for GHG emissions and reductions data. In addition, the Final General Guidelines and Draft Technical Guidelines should be improved by maintaining flexibility to continue to attract broader participation.

The Voluntary GHG Reporting Guidelines should be revised to ensure resources are focused on tracking, reporting, and registering real emissions and reductions. Ford supports the comments submitted by the Alliance of Automobile Manufacturers and recommends revising the Voluntary GHG Reporting Guidelines with special emphasis on the following items:

Real emissions reductions should not be excluded from registration §300.8(h) and §300.8(j)

Emission reductions (absolute or intensity) that result from facility closures or rationalization of operations should not be excluded from the registry. The manner in which facilities achieve emissions reductions is irrelevant as long as a real reduction takes place. The increased emissions due to additional production at other facilities to accommodate such closure will be reflected in total emissions and emissions intensity rates. Therefore, it is unreasonable to penalize companies for moving production to another facility to become more energy efficient when experiencing production declines.

Ford proposes an equitable treatment of absolute emissions reductions and intensity related emissions reductions while still allowing both to coexist in a defensible, transparent database (Refer to Table 1, below).

Table 1: Ford's proposed system

Proposed System	Base Period	2003	2004	2005	2006
Entity Emissions	100	90	80	110	100
Annual Registered Reductions	0	10	20	-10	0
Cumulative Registered Reductions	0	10	30	20	20

As shown above, if future emissions increase above the base period levels, the entity must deduct the difference in emissions from their historical "cumulative" registered reductions.

Section 300.8(j) on the one hand "presumes that reductions calculated using the emissions intensity method do not result from a decline in output" and thus those reductions apparently "qualify for registration." On the other hand, the same section arbitrarily provides that if the reductions "were in whole or in part, the direct result of plant closings that caused a decline in output," such reductions "do not qualify for registration." There is no basis in section 1605(b) for such a different result depending on the calculation method applied.

An entity that demonstrates it reduced absolute or emissions intensity regardless of closure impacts or production declines should be recognized in the 1605(b) database. Such actions represent decreases in real emissions which are necessary to meet the President's emissions intensity goal.

We contend that our approach is totally authorized by, and is in accordance with, the statutory provisions and that the above section of the interim final General Guidelines, particularly section 300.8(j)(2), are not. The statute provides that the DOE guidelines "establish procedures for the accurate voluntary reporting of information on ... reductions in greenhouse gas emissions achieved as a result of:

- (i) "voluntary reductions:
- (ii) plant or facility closings; and
- (iii) State or Federal requirements".

Each of the above statutory methods of achieving reductions are on a par with each other. They are co-equals. None are qualified such as in the case of the plant closing provisions of section 300.8(j)(2).

The 3% de minimis threshold is excessively burdensome and will continue to result in reporting of immaterial emissions §300.6(g)

The effort involved in estimating de minimis emissions, including gathering of activity/usage, data is administratively burdensome. The de minimis level should be increased to 5% as accepted by many current GHG reporting programs such as the Chicago Climate Exchange and the WRI GHG Protocol.

Only mobile source related emissions which are integral to production should be required in an emissions inventory §300.6(d)

The mobile source emissions that are not integral to production are insignificant compared to the overall emissions while the time and effort required to compile accurate activity data is excessive. The entity will be required to calculate mobile emissions from the current year, four baseline years and any intervening years only to verify that mobile emissions are de minimis. The DOE should consider the Government's of Canada's GHG Reporting program approach where only mobile sources "integral to production" are required.

Reporting of all six GHGs should not be required (§300.6)

Companies/sectors should have the flexibility to determine which GHGs are dominant for their particular industry and to report accordingly. Since CO₂ is the primary GHG emission in the automotive manufacturing industry, automotive companies should report CO₂ with optional reporting of the significantly smaller non-CO₂ GHGs.

Entities should be allowed to register verifiable emissions reductions prior to 2002 §300.5(b)

Under the revised guidelines entities are penalized for early action. Companies should be able to register emission reductions prior to 2002 as long as their historical data is updated to comply with the provisions provided by the revised Guidelines. The base period utilized for other voluntary programs such as the Chicago Climate Exchange might not coincide with the base period specified by the 1605(b). If the program will indeed be utilized as the single federal-level "registry" for other voluntary programs, the program must be flexible regarding base periods before 2002.

Thank you in advance for considering our comments on the U.S. Department of Energy (DOE) Interim Final General Guidelines and Draft Technical Guidelines for the revised "Voluntary Reporting of Greenhouse Gases Program." Please contact me directly at (313) 322-5548 / lmerrit2@ford.com if you have any questions.

Sincerely,



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